

**THE HOLBURNE  
MUSEUM OF ART · BATH**

**REPORT AND ACCOUNTS 2005**

**Chairman of the Board: David W. Posnett**

**Director: Dr Alexander Sturgis**

**Treasurer: Anthony M Wilkinson C.A.**

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# THE HOLBURNE MUSEUM OF ART REPORT OF THE TRUSTEES for the year ended 31 December 2005

## Introduction

The Trustees submit their annual report and accounts for the year ended 31 December 2005. In preparing this report the Trustees have complied with the Charities Act 1993, the Accounting and reporting by Charities: Statement of Recommended Practice (revised 2005) ('SORP'), applicable accounting standards, and the constitution of the Trust.

## Reference and administration information

The Holburne Museum of Art ("The Museum") is the museum of the University of Bath, and is an independent institution with registered charitable status, established by Deed of Trust in 1883. The sole Trustee, by whom the Trust is administered, is the Holburne Museum Trust Company ("The Company"), a company limited by guarantee.

The directors of The Company (known as "The Trustees") at the date of this report, who are appointed by the members of The Company, and of the senior management, are detailed on pages 26 & 27. The names of directors of The Company who acted during the course of the year but are no longer directors at the date of this report are also shown on page 27. Relevant registration information is shown below:

- The Holburne Museum                      Registered Charity Number:     310288
- The Holburne Museum Trust Company     Company Number:                4104120
- Museums and Galleries Commission     Registered Museum Number:     930

The address of the principal offices and premises of The Museum, and of the registered office of The Company, is at Great Pulteney Street, Bath BA2 4DB

The names and addresses of The Museum's professional advisers and bankers are shown on page 28.

## Structure, governance and management

- Organisational structure

The Museum is an independent registered charitable trust of which The Company is the sole trustee.



- Governance

The charity is governed by the board of directors of The Company, known as "The Trustees" who are appointed by the members of The Company.

Bath and North East Somerset Council has the right to appoint up to two Trustees. Further Trustees are appointed by the members of The Company, but the total number of Trustees may not exceed 20.

New Trustees are required to sign a "Declaration of Eligibility to Act" and a "Declaration of Interests" form in order to comply with the conflicts of interest policy.

- Management

The Trustees, who meet formally four times each year, are responsible for setting strategies and policies and for ensuring that these are implemented. They are particularly responsible for:

- Appointment of the Director
- Approval of the annual budget
- Approval of the Trustees' report and audited financial statements

To assist with the day to day operational control of the Museum's affairs, the Trustees delegate business functions defined in its terms of reference to the *Executive Committee of Trustees* which meets monthly. The Executive Committee comprises those Trustees identified on pages 26 & 27 together with the Director, although its meetings are open to any Trustee to attend.

The primary functions of the Executive Committee are to:

- exercise supervisory controls over the operation of the Museum,
  - assist the Director in formulating policy and with significant operational decisions
  - review quarterly management accounts against budget and
  - hold the Director accountable for variances.
- Risk management

The Trustees have examined the major risks to which the Museum is exposed and have developed a Risk Register which identifies the major risks to which the Museum and the Trustees are exposed. This register is maintained by the Treasurer and reviewed by the Executive Committee of the Trustees every six months. This brings the risks to the attention of the Trustees and enables them to establish strategies for dealing with them. This register covers risk in the areas of:

- Governance and management
- Operations
- Finance
- Staff
- Redevelopment
- External factors
- Environmental factors
- Compliance

While this procedure cannot provide absolute assurance, the Trustees believe that the steps taken will enable the Museum to achieve its objectives.

## **Objectives and activities**

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- Objectives

The objects for which the Museum was established as set out in the founder's originating trust deed, are:

- The provision and maintenance of a museum in the city of Bath for the exhibition to the public of a collection of specimens of the fine and applied arts.
- The extension, enhancement, conservation, storage and maintenance of the arts collection.
- Promotion of education in arts and allied subjects, and of the appreciation of art.

- Activities during the year

During 2005 the key activities intended to assist in the delivery of the Museum's objectives were

- To complete the renovation of, and commission, the Gardener's Lodge, the education

department's dedicated specialist building in order to enhance the scope and quality of the educational offering

- Work up the major development scheme to The Heritage Lottery Fund Stage 2, utilising the Stage 2 development grant and our own matching funding to enable submission of the final scheme and accompanying business plan and grant application to The Heritage Lottery Fund as early as possible in 2006.
- To bid for renewal of the Museum's core funding grant from The Arts & Humanities Research Council on the expiry in 2006 of the current 5 year term.
- Stage an ambitious exhibitions programme to appeal to and engage an ever broadening audience
- Continue the ongoing programme of conservation and restoration of works in the permanent collection
- Continue the programme to research and document the entire permanent collection

## Achievements and performance

The Trustees are pleased to report that, overall, significant progress was made in achieving their objectives for 2005, as described below.

- Enhancement of the education programme, and completion of The Gardener's Lodge education centre project

### o *The Gardener's Lodge*

The Gardener's Lodge, a modest but significant development project, was completed on time and within budget at a net cost of ca. £90,000, and opened for use in March 2005. Funding of the capital cost was achieved from private donations generated by a specific appeal to the Museum's local support base.

This has been a period of new beginnings for Education at the Holburne with a range of new developments as well as the Gardener's Lodge art space, such as the creation of the post of Education Co-ordinator, and the recently launched e-learning website *Portraits and Portraiture* produced together with our regional partners, The Wallace Collection, the Bowes Museum, Waddesdon Manor and Compton Verney. Alongside these, the regular programmes of outreach, schools and visitor gallery based teaching and activities have continued to flourish, reaching over 6,000 users during the year.

### o *Schools Projects*

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New initiatives with local schools included the *Egg Challenge* for National Science Week which was inspired by the weird and wonderful drawings on display as part of the *William Heath Robinson* exhibition. Teams of secondary school pupils from a local school worked with students from the Department of Mechanical Engineering at the University of Bath to create contraptions which would deliver eggs from saucepans to the Curator's egg cup in the fastest possible time.

For National Children's Art Day the Holburne worked with G.C.S.E. students from Sommervale School (Midsomer Norton) on a creative project entitled *Talking Pictures*. Expressive Arts students created an ensemble dance piece inspired by the collection which was performed in the Museum's garden using costumes created by Textiles students.

#### o *Local Partnership*

A new partnership with Bath-based engineering firm Rotork plc was supported by an *Arts & Business* investment, enabling the Holburne to develop a series of creative play-days specifically for the children of Rotork employees. Inspired by the *William Heath Robinson* exhibition, children were helped by toymaker John Firth to design and produce their own mechanical toys which were exhibited in the Rotork factory.

o **Regional Partnership**

This has been an exciting year for the Regional Partnership, a network established by The Wallace Collection and four leading regional institutions with parallel collections. Funding from the DCMS/DfES Strategic Commissioning Fund has enabled three of the partners, The Wallace Collection, The Bowes Museum and The Holburne Museum to collaborate on the development of a new website and e-learning resource *Portraits and Portraiture*. The website features portraits from the three collections which are

analysed to provide material for teachers and pupils at National Curriculum Key Stages 1 and 2 to use before or after a visit to one of the member institutions, or as a stand alone resource for the classroom. *Portraits and Portraiture* is just one of many projects planned by the Regional Partnership which include joint loan exhibitions, collaboration on conservation and shared initiatives for collections management.

o **Exhibition-related education activities**

A generous grant from the Esmée Fairbairn Regional Museum's Initiative for the exhibition *Pictures of Innocence: Portraits of Children from Hogarth to Lawrence* enabled the creation of an accompanying array of exciting hands-on children's activities available throughout the Museum, including a child-led guide to the exhibition, dressing up, and the *Wall for All* self-portrait zone.

*Art for All* was the first programme of taught workshops for the summer holidays held at the Gardener's Lodge. The workshops sold out within a week of advertising and even the addition of further dates could not satisfy the demand within the local community. Inspired by the exhibition *The World of Quentin Blake* the mixed media art sessions for age groups from 4 to 16 years ranged from *Creating a Character* to *Marvellous Movement* to *Barmy Beasts*.

o **Fanfare**

This social inclusion project was the first site specific workshop to take place at the Gardener's Lodge and involved a group of teenagers with special educational needs from Wansdyke School who created a striking bench for the Lodge garden. The relaxed atmosphere of the Lodge provided the perfect location for the teenagers to spend a week working on the project with a local artist taking motifs from the collection of decorative arts to inspire their work.

• **The major development scheme**

During the year the Museum was successful with its application to The Heritage Lottery Fund for stage 1 approval of its scheme to refurbish and extend its premises, winning provisional grant aid of £4.875 million towards the costs of the scheme. Some £520,000 of the grant has been released to fund the more detailed scheme designs and plans required for the purpose of the stage 2 of £4.875 million towards the costs of the scheme. Some £520,000 of the grant has been released to fund the more detailed scheme designs and plans required for the purpose of the stage 2 application for final approval.

By December 2005 activity had commenced to appoint consultants and put in place the staff structure necessary to enable the Museum to manage the project. At the date of this report it is expected that final stage 2 submission to The Heritage Lottery Fund will be made before the end of 2006, so that, if approved, the Museum will close and construction work will start in January 2008.

• **Increase of core funding grant**

The Museum's current 5 year core funding grant from the Arts & Humanities Research Council ("AHRC"), payable via the University of Bath, terminated in July 2006. During 2005 a detailed bid for renewal at a considerably enhanced value was prepared in collaboration with the Universities of Bath, Bristol and Bath Spa. The bid was based on the extension of, and significantly greater collaboration in, the Museum's higher education field between the Museum and the three universities, involving, principally, the establishment of a Higher Education Strategy Board whose function is to develop a more ambitious and collaborative Museum-based contribution to the current HE programmes of the partner HE establishments. The bid was successful, with the result

that the Museum's core funding grant from AHRC increases from £38.6K to £73.5K per annum from August 2006.

- **Exhibition and events programme**

The Museum's programme of 5 exhibitions for 2005 attracted visitors from a broad community, confirming the appeal of its strategy to engage with a wider audience. Visitor numbers totalled 35,000 during the year, a modest increase over 2004, with admission fees at £46,617 higher than ever before.

- o **The Man Who Drew Pooh: A Special Exhibition of the Art of E H Shepard**

18 January to 6 March 2005

Haskell Gallery

*By kind permission of the Vice Chancellor of the University of Surrey*

E H Shepard was a successful and prolific artist who is best known for the illustrations of Winnie-the-Pooh and friends that he completed for A. A. Milne and Kenneth Grahame's *The Wind in the Willows*. Drawn from the Shepard Archive at the University of Surrey this exhibition of E H Shepard's original drawings and letters included these highlights and many other examples from his brilliant career which spanned both World Wars and a period of study at the Royal Academy Schools.

A lunchtime lecture audience was treated to a personal perspective on Shepard's work as Arthur Chandler, Curator of the archive at the University of Surrey, gave an illustrated talk which included information on the artist's lesser known work such as his cartoons for *Punch* and illustrations for his own books *Betsy and Joe* and *Ben and Brock*.

- o **Pictures of Innocence: Portraits of Children from Hogarth to Lawrence**

22 March to 19 June 2005

Picture & Haskell Galleries

*Funded by the Esmée Fairbairn Foundation's Regional Museums Initiative.*

*In partnership with Abbot Hall Art Gallery, Kendal.*

*Pictures of Innocence*, curated by Amina Wright, was the fourth in the Holburne's series of major exhibitions of 18<sup>th</sup> century British portraiture. The exhibition took as its theme the unprecedented growth in popularity of portraits of children during this period.

A generous grant from the Esmée Fairbairn Foundation's Regional Museums Initiative enabled the

A generous grant from the Esmée Fairbairn Foundation's Regional Museums Initiative enabled the research necessary to transform this exhibition into the Holburne's most important to date, with loans of the highest quality drawn from public and private collections all over Britain including the National Galleries in London, Cardiff and Edinburgh, the Royal Collection, Tate and the National Portrait Gallery.

The beautiful and sometimes poignant images of children included in the display showed how artists and their patrons at this time began to perceive children for the first time not as undersized adults but as unique individuals with distinct personalities and took an almost obsessive interest in childish qualities of innocence, purity and spontaneity.

The exhibition was accompanied by a comprehensive and beautifully produced catalogue, which it is hoped will become one of the principal works on this subject. Dr Martin Postle, Senior Curator Tate and guest curator of *Pictures of Innocence* wrote the introductory essay to the catalogue, and was one of a series of high-profile speakers at a symposium funded by the Paul Mellon Centre *The Art of Innocence: The Role of Children in Eighteenth Century Portraits*. The lecture series which were associated with the exhibition, included the recently retired Surveyor of the Queen's Pictures, Christopher Lloyd

Press coverage of *Pictures of Innocence* was excellent with very positive reviews in *The Telegraph*,

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*for the year ended 31 December 2005 (cont.)*

Guardian, Country Life, Spectator, Independent and Apollo whilst Amina Wright was interviewed by BBC Radio 4's Woman's Hour programme.

The Esmée Fairbairn Foundation grant also enabled a version of the exhibition to travel to Abbot Hall Art Gallery in Kendal from 12 July to 8 October 2005.

o **The World of Quentin Blake: Original Illustrations from 1976 to 2005**

12 July to 11 September 2005

Haskell Gallery

*In association with Chris Beetles Ltd*

This extremely popular exhibition of over 50 original drawings spanning over thirty years of Quentin Blake's work was compiled by Chris Beetles, and included images of old friends from the Roald Dahl books such as the BFG and the Twits, as well as some more recent and lesser known characters some of which are yet to be published.

*The World of Quentin Blake* was timed to coincide with the school summer holidays and designed for families with an accompanying programme of activities. These included the sell-out *Art 4 All* workshops at the Gardener's Lodge and culminated in the *Sweet Sundaes Treat* event an afternoon of fun and games in the garden which attracted well over three hundred children and their parents to the Museum on August Bank Holiday Monday.

o **A Trafalgar Boy: William Holburne and the Sea**

19 September to 11 December 2005

Haskell Gallery

*Assisted by generous financial support from The Timothy and Mary Clode Charitable Trust*

Forming part of the national celebrations of the bicentenary of the Battle of Trafalgar this exhibition commemorates the naval career of Sir William Holburne, the founder of the Holburne Museum.

In July 1805 the eleven-year-old William left home with a uniform and a wooden chest to join the warship HMS Orion and to serve in Nelson's navy. Three months later on October 21<sup>st</sup> 1805, William saw naval action for the first time in Briton's most famous sea battle, Trafalgar.

Holburne continued his career in the Navy for the rest of the Napoleonic War, serving in the Mediterranean, the West Indies, South America and the English Channel, until he retired in 1815 at the age of 22. Holburne's interest in the Navy, ships and the sea continued for the rest of his life and is visible in the superb collection of art he established in Bath between 1830 and his death in 1874.

o **Modern British Pictures from the Target Collection**

4 October to 18 December 2005

Picture Gallery

*Generously lent by Bath-based Target Consulting Group, one of the South-West's leading business advisory firms.*

This exhibition of outstanding paintings from the middle years of the twentieth century is the first time that these high quality works have been shown together in a public gallery.

The Target Collection covers the period 1925 to 1965, beginning with carefree seaside days in the company of St Ives painters Christopher Wood and Alfred Wallis. The forties are represented by such unforgettable works as Keith Vaughn's *Burning Aviary*, a rare record in paint of wartime violence, and John Tunnard's mesmerising *Painting 1944*. The exhibition concluded in the sixties with some bold, bright abstracts.

This exciting exhibition was made possible by the support of both the Arts & Business New Partner's Scheme and of Anthony Hepworth, to whom the Holburne is very grateful.



- Acquisitions

A magnificent English japanned cabinet on carved silver stand, made in London between c 1695-1700 was accepted by H.M. Government in lieu of Estate Duty under the Acceptance in Lieu (AIL) scheme as being of outstanding historic and artistic importance. After being displayed in the Museum for six months on temporary allocation the Museum was delighted to hear that the Department for Culture, Media and Sport (DCMS) had agreed to the permanent allocation of the cabinet to the Holburne.

The cabinet is one of the finest examples of japanned furniture to have been made in London in the late seventeenth century. Only one or two examples of finely-decorated japanned cabinets with ivory grounds and silvered stands have survived from the period. This example was commissioned for an important West Country family and remained in the family's possession until its acceptance in lieu of Estate Duty. This is the first occasion on which the Holburne Museum of Art has been allocated a work of art through the AIL scheme.

The cabinet is in remarkably good condition considering its age and delicacy. Some conservation will need to take place, ideally while the Holburne Museum is closed for development. Once the new galleries are complete, it is hoped that the cabinet can be displayed open and fully decorated with small pieces of Chinese porcelain from the Museum's collections, thus re-establishing the sumptuous quality and effect of this example of English Baroque Chinoiserie.

The Museum is extremely proud to have been selected by the Department as a suitable permanent home for this highly significant and fine piece of furniture.

- Conservation

One of the most rewarding aspects of working with a collection like the Holburne's is the ability to use unsolicited donations to take unprepossessing works in poor condition, and transform them into something that visitors can enjoy. This has certainly been the case with three marine paintings that have been hidden away in the picture store for many years, because of serious and disfiguring damage. The national Trafalgar 200 celebrations have helped us to understand the importance of these works to Sir William Holburne, a sailor from a sea-faring family, and a generous donation from the Timothy and Mary Clode Charitable Trust has allowed us to send them to Bath-based conservator Helen White for cleaning and repair.

A seascape by Rietschoof with a Dutch vessel firing was spoiled by overpainting and blotches of discoloured varnish that distorted the canvas. The painting could not be displayed in this condition, but the damage has been easily removed. Similarly, a long white scratch right across a stormy seascape attributed to Thomas Barker of Bath has proved to be only varnish-deep. In cleaning off the varnish (which was so thick and dark that we can only conclude that Sir William's stormy seascape attributed to Thomas Barker of Bath has proved to be only varnish-deep. In cleaning off the varnish (which was so thick and dark that we can only conclude that Sir William was 'smoking' his favourite paintings in his study), all the details of the painting have been revealed, including a monogram that shows the painting to be the work not of Holburne's neighbour Barker, but probably a Dutch predecessor.

Barker's *Princess Caraboo*, acquired in 2003, has also been conserved and returned to the museum in time for a lecture on the mysterious Princess to the Bath Jane Austen Festival. The lecture will be repeated for the Blackmore Vale DFAS, who generously donated towards the cost of conservation.

The fortepiano of ca.1795 by Schantz of Vienna was purchased in the 1970s in a campaign led by the University of Bath's Director of Music, the late Frank Brown. The Schantz brothers were the leading keyboard instrument makers of the period, from whom Haydn bought a fortepiano in 1788; this is one of only four known to survive in accessible collections. The instrument was sent to Edwin Beunk in Enschede (Holland), the leading conservator of such instruments, who carried out a full conservation exercise, enabling the instrument to be used for performance once again.

Great improvements have also been made in the difficult area of environmental monitoring; the clockwork thermohygrographs have been replaced with electronic data loggers, which record temperature and relative humidity levels digitally. Monitoring is now extremely reliable and straightforward.

- Research and documentation

The major curatorial project to catalogue the entire collection continued with the help of a dedicated team of volunteers. To date nearly 7,000 objects have been entered into the Museum's digital database with a large percentage of these records containing digital photographs. A significant project was the photographing and cataloguing of the collection of c. 800 unframed works on paper. The resulting digital records have the great advantage of allowing researchers to search 'virtual' prints and drawings rather than rummaging through heavy boxes of fragile original papers.

Following the success of the detailed cataloguing of a substantial number of the Holburne's Dutch paintings as part of the National Inventory of European Paintings project, the Museum received a further grant to study and catalogue fully a group of 30 Italian works. These continental works are one of the least appreciated and understood parts of Holburne's collection, and we hope that this opportunity to discover more about the paintings will help us to select some gems for future conservation and display, and to understand more about William Holburne's taste.

A grant from the Marc Fitch Fund enabled cataloguing of the Holburne family archive to resume. This is valuable work as it has enabled extraction of much previously unknown information about Sir William Holburne including his personal finances, his family connections and his early life in the British Navy. This last subject inspired the compilation of a small exhibition for the Haskell Gallery; *A Trafalgar Boy: William Holburne and the Sea*, on display during September-December 2005 as part of the bicentenary celebrations of the Battle of Trafalgar.

A full and detailed valuation of the paintings collection has been made by Sotheby's; this has not only helped with insurance and disaster planning, but is also invaluable in assessing priorities for conservation and research.

## Financial review

- Responsibility for the accounts and financial statements

The Charities Act 1993 requires The Trustees to prepare financial statements for each financial year that provide a true and fair view of the state of affairs and of the charity's financial activities during the year and of its financial position at the end of the year. In preparing the financial statements The Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate that the museum will continue operating.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position at any time and which ensure that the financial statements comply with the applicable rules and regulations. They are also responsible for safeguarding the assets of the charity and for their proper application under charity law, hence also for taking reasonable steps for the prevention and detection of fraud and other irregularities.

- Basis of accounting

In order to enhance transparency and openness The Trustees decided to adopt, earlier than required by the regulations, the new SORP which was issued in revised form in March 2005 (for mandatory adoption in respect of accounting periods beginning on or after 1 April 2005).

The opportunity has also been taken to review all the charity's key accounting policies to ensure that they continue to be in accordance with the requirements of the new SORP and of best accounting practice. Whilst these steps have resulted in enhanced disclosures in the financial statements it has not been necessary to make significant amendments to any key accounting policies.

- Review of the year

The financial outcome of the year's activities as shown by the Statement of Financial Activities was a satisfactory overall net increase in resources of £373,000 including investment gains of £112,743. The financial outcome of the year's activities as shown by the Statement of Financial Activities was a satisfactory overall net increase in resources of £373,000 including investment gains of £112,743. A significant contribution to this outcome was the gift in the year of the English japanned cabinet, included in voluntary income at its agreed valuation of £250,000, a transaction described in greater detail in note 10 to the financial statements.

The charity expended a total of £104,713 on generating funds representing 12.1% of total incoming resources (2004: £120,102 18.5%). The total of £496,674 expended on charitable activities represents a 24.8% increase on the 2004 amount of £397,758.

The scale of the deficit (before transfers) on the General fund, at £152,211 (2004: £121,265), whilst capable of being funded by transfers from the Endowment fund in the short term, continues to be a cause of concern to The Trustees. The major development scheme and associated fundraising programme to which the Trustees are committed is designed both to reduce the scale of this structural operating deficit, and to increase the charity's investment income to cover it by 1.5 - 2 times, thus protecting the capital in the charity's endowment fund from further significant erosion.

The balance sheet continues to strengthen substantially, reflecting the highly effective efforts applied over recent years to this very necessary improvement to the charity's health. Between January 2003 and the balance sheet date, the charity's assets have almost doubled from £948,000 to £1,860,000.

- Details of funds

The Trustees maintain their accounts in the following four separate funds.

**The Endowment fund**, is an unrestricted fund which the Trustees intend to keep intact, and to grow in value as far as possible, in order to provide finance for the subsidies essential to the ongoing activities of the Museum. The majority of the non-premises assets of this fund are invested under the management of a professional fund manager, in accordance with the Trustees' investment policy.

**The Development fund**, is a restricted fund operated solely for funds donated and grants raised for the purpose of financing the Trustees' major development scheme (which for these purposes includes the Gardener's Lodge development). The cash balances of this fund are maintained on separate accounts with the Trust's bankers.

**The Specific Purposes fund**, also a restricted fund, is an amalgam of the many donations to the charity over the years made with a specific purpose or intent expressed at the time of gift. All these transactions, both receipts and the use of the funding, are separately recorded and accounted for in the Trust's records. While the major part of the free cash of these funds is maintained in a separate account (the 'Sponsored Walk' account) with the Trust's bankers, a relatively small amount is accounted for as part of the Trust's general cash balances.

**The General fund**, is the fund through which all the Trust's day to day operating transactions (other than those that relate solely to one or more of the other funds) are recorded. This fund operates routinely in deficit, and is subject to regular subsidy from the Endowment fund and, in the short term, from the Sponsored Walk specific fund for education activities. A key strategy inherent in the Trustees' major development scheme is both to reduce the scale of the annual operating deficit on General fund (currently running at ca. £130K- £150K pa) and to attract sufficient additional funds into the Endowment to ensure that the investment income from that source is sufficient to fund the reduced deficits without diminishing the capital value of the Endowment fund.

- Investment policy and performance

The Trustees have placed the assets of the Endowment Fund into the hands of a third party investment manager with a medium risk/capital preservation mandate, in accordance with the powers given to the Trustees under the Trustees Investments Act 1961.

During the year under review the value of the investment portfolio increased in value from £704,453 to £759,546, including investment gains of £112,743. This represented a gain of around 17% for the year.

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- Reserves Policy

The Trustees are concerned to maintain a level of reserves which will provide sufficient working capital and enable the Museum to cope with unexpected shortfalls in income, or increases in operating costs. Work is in hand on the preparation of a comprehensive medium term Development Plan, the objective of which is to enable the Endowment Fund to be increased to a level from which the income thus generated will cover the core operating costs of the Museum.

It is the policy of the charity to maintain a level of unrestricted reserves, which are the free reserves of the Charity, at a level that is sufficient to cover the running costs of the Charity for at least six months.

THE HOLBURNE MUSEUM OF ART  
**REPORT OF THE TRUSTEES**  
*for the year ended 31 December 2005 (cont.)*

- **Plans for future periods**

Looking forward to 2006 and beyond, the clear priority for The Trustees is to place the charity on a secure financial footing in order that it can properly and confidently pursue its strategies to deliver the charitable objectives. In the first instance that means completing the major development scheme, plans for which are currently at an advanced stage, and succeeding in raising the substantial amount of funds required, not only to pay for the refurbished, enhanced and extended structure but, in at the same time to increase the value of the endowment fund investment to ensure the adequacy of income to cover any future general fund deficits.

It is intended that detailed designs, applications and business plans will be completed by the end of 2006, and that the necessary consents, grants and funding will be secured during the course of 2007 in time to commence construction work in January 2008. If that timetable applies it is planned that the refurbished and extended Holburne Museum will reopen to the public in mid-2009.

A programme of stimulating and imaginative temporary exhibitions is planned for the period until the intended closure of the Museum in late 2007, continuing the Trustees' recent policy to engage and extend its local and wider audience. During the closure some of the Museum's major works will be assembled in a travelling exhibition along the lines of the highly successful "Sir William comes to Town" exhibition, shown at the Wallace Collection in London in 2004 and visited by some 10,000 visitors. Other significant items from the collection will be placed on loan to public museums elsewhere in the United Kingdom.

The education programme will continue to be developed notwithstanding the closure of the Museum: activities in The Gardener's Lodge will not be affected by closure of the Museum, while extended programmes will be developed by the AHRC-assisted higher education strategy board.

Existing programmes for restoration and conservation of the Museum's collection will continue, dependent, as ever, on the availability of funding to pay for this essential work. The intended need to decant in the very near future, from the present environment, virtually the entire collection will provide the Museum with a unique opportunity to assess its overall restoration and conservation needs.

### **Auditors**

Moore Stephens have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting

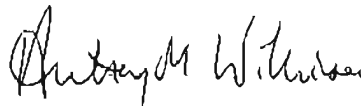
### **Thanks**

The Trustees would like to convey their sincere thanks to all the volunteers and staff who have provided their support to the Museum, without which it could not continue to honour and deliver its response to the charitable objectives laid down for it by its founder in 1822.

This report was approved by The Trustees on 21 July 2006 and signed on their behalf by:

  
—David W Posnett

**Chairman**



**Anthony M Wilkinson CA**

**Treasurer**

THE HOLBURNE MUSEUM OF ART  
**REPORT OF THE INDEPENDENT AUDITORS**  
*for the year ended 31 December 2005*

We have audited the financial statements of The Holburne Museum of Art for the year ended 31 December 2005, which comprise the statement of financial activities, the balance sheet, the principal accounting policies and notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees as a body, in accordance with The Charities (Accounts and Reports) Regulations made under Section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Trustees and auditors**

As described in the Statement of Trustees' Responsibilities on page 9 you are responsible as trustees for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Standards). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

As detailed in Note 20 no actuarial assessment of the position of the defined benefit pension scheme in which the Museum's employees participate has been sought. Consequently the financial statements do not provide for any deficit relating to the Museum's share at the year-end date as required by Financial Reporting Standard 17.

Except for any provision that would have been required had an appropriate actuarial assessment been sought, in our opinion, the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of charity's affairs as at 31 December 2005 and its incoming resources and application of resources for the year then ended and have been properly prepared in accordance with the Charities Act 1993.



**Moore Stephens**

Registered Auditors & Chartered Accountants  
30 Gay St Bath BA1 2PA

1st August 2006.

**(a) Accounting convention**

The annual report and accounts have been prepared in compliance with the Charities Act 1993, in accordance with the 'Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) ('SORP') and with applicable accounting standards. Where applicable, comparative results have been restated to comply with SORP 2005 but these restatements have had no effect on the fund balances brought forward at the start of the year.

**(b) Revenue recognition**

Donations, grants, sponsorship and legacies are credited to income only when it has become reasonably certain that they will be received and the amount can be measured with sufficient reliability.

Revenue grants and donations are shown in the Statement of Financial Activities in the year to which they relate and when the conditions for receipt have been satisfied. Where the grant has to be matched to a different period the deferred element is deducted from incoming resources and carried forward to the relevant period as deferred income.

Donated works of art are taken into income, and are added to the cost of acquisitions or capitalised, as appropriate, at valuations agreed by the Museum's curators to be a realistic estimate of the open market value of the items concerned.

No monetary value is attributed to the substantial amount of time and effort contributed by the trustees and many volunteers essential to the Museum's activities and who have not been paid for their assistance.

**(c) Incoming resources**

*Voluntary income* includes all gifts, donations and related gift aid, grants which provide core funding and patrons' subscriptions.

*Activities for generating funds* are the trading and other fundraising activities primarily to generate incoming resources to undertake charitable activities

*Incoming resources from charitable activities* includes any incoming resources received that are a payment for goods and/or services provided for the benefit of the charity's beneficiaries. 'Charitable activities' for the purposes Museum's financial statements are :

- Exhibitions and display
- Education
- Education
- Events (lectures and concerts etc), room hire and lettings.

**(d) Resources expended**

Expenditure is recognised when incurred, and is reported gross of related income on the following bases:

- *Costs of generating funds* comprises the costs associated with attracting voluntary income and the costs of other income generation, eg the costs associated with management of the investment portfolio
- *Charitable expenditure* comprises direct expenditure including staff costs attributable to its activities. Where costs cannot be directly attributed, they are allocated to activities on a basis consistent with the use of resources as described below.
- *Governance costs* are costs incurred in the governance of the Trust's assets in order to comply with constitutional and statutory requirements.

THE HOLBURNE MUSEUM OF ART  
**ACCOUNTING POLICIES**  
*for the year ended 31 December 2005 (cont.)*

- *Support costs* include the central functions and are allocated to activity cost categories on a basis consistent with the use of the resources, eg allocating staff costs according to time spent and other costs according to usage.

**(e) Restricted and unrestricted income funds**

Unrestricted income funds are expendable at the discretion of the Trustees in furtherance of the objects of the Museum. The Trustees have designated the Endowment Investment Fund as a separate unrestricted fund from the General Fund for the future development and maintenance of the Museum's buildings and collection.

The Museum receives grants and donations for purposes specified by the donors and funds are expended in accordance with donors' wishes. Such funds are disclosed in the accounts under one of the headings Specific Purposes Funds or Development Funds.

**(f) Investments**

Dividends and interest from investments are credited to income on receipt.

Investments are shown in the Balance Sheet at their mid-market price as quoted on the London Stock Exchange. Gains and losses on the revaluation and realisation of investments are debited or credited to the Endowment Fund and taken or charged to income in the Statement of Financial Activities.

**(g) Taxation**

No provision for taxation, deferred or otherwise, has been provided in these accounts as the Museum is a registered charity and is therefore exempt from taxation (other than Value Added Tax) under Section 505 of the Income and Corporation Taxes Act, 1988. Gift aid tax is reclaimable on certain donations, and where applicable, has been included in income.

**(h) Fixed assets**

Freehold land and buildings are shown in the balance sheet at valuation.

No depreciation is provided on the Museum's building as, in the opinion of the Trustees, the building has a residual value at least equal to its valuation.

~~Expenditure on leasehold property is capitalised. Provisions for amortisation of such costs are~~

Expenditure on leasehold property is capitalised. Provisions for amortisation of such costs are made equally over the life of the lease, and are charged as an expense to the appropriate fund.

Expenditure on fixed assets is capitalised where material (defined as in excess of £1,000 for any single item). Where capitalised, assets are stated at cost, and are depreciated over 5 years, unless otherwise stated. Other (not material) fixed asset expenditure is charged to general income or specific grants as appropriate. Where expenditure on material fixed assets is funded by specific grant or donation; depreciation thereon is charged to the Specific Purposes Fund.

The value of the Museum's collection has not been capitalised as the majority of the collection is the legacy of the Holburne family. Significant costs would be involved in valuing the collection that, in the opinion of the Trustees, would not provide sufficient additional benefit to users of the accounts in assessing the Trustees stewardship of the assets to justify the expense.



**(i) Stock**

Stock in the Museum shop is included in the financial statements at the lower of its original cost and net realisable value.

**(j) Liabilities**

Liabilities are recognised in full in the financial statements as soon as the obligation arises.

**(k) Pension costs**

The Museum's employees are eligible to participate in the Local Government Pension Scheme (The Avon Pension Fund, administered by Bath & North East Somerset Council) The employer's annual contributions payable are charged to the operations as staff costs as applicable

**(l) Operating lease agreements**

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are included in expenditure on a straight-line basis over the period of the lease.

THE HOLBURNE MUSEUM OF ART  
**STATEMENT OF FINANCIAL ACTIVITIES**  
*for the year ended 31 December 2005*

	Note	General Funds	Endowment Fund	Specific Purpose Funds	Development Fund	Total 2005	Total 2004
		£	£	£	£	£	£
<b>Incoming resources</b>							
Incoming resources from generated funds							
Voluntary income	1	140,008	5,000	258,000	177,782	580,789	504,897
Activities for generating funds	2	46,167	-	-	-	46,167	24,742
Investment income	3	3,286	34,082	2,427	1,275	41,071	35,024
Incoming resources from charitable activities							
	4	135,491	-	58,126	-	193,617	90,498
<b>Total incoming resources</b>		324,952	39,082	318,553	179,056	861,645	655,161
<b>Resources expended</b>							
Costs of generating funds	5	40,840	4,318			45,157	25,052
Costs of major development project		-	-	-	59,556	59,556	95,050
<b>Net incoming resources available for charitable activities</b>		284,113	34,765	318,553	119,501	756,931	535,059
<b>Resources expended on charitable activities</b>							
	6						
Exhibitions		320,016	6,424	14,755	-	341,195	269,017
Education		62,379	-	27,800	-	90,179	78,930
Lectures and concerts		34,146	-	-	-	34,146	22,982
Governance costs	8	19,783	-	-	-	19,783	19,983
Depreciation & amortisation	11	-	-	7,014	4,358	11,372	6,845
<b>Total resources expended on charitable activities</b>		436,324	6,424	49,569	4,358	496,674	397,757
<b>Net incoming/outgoing resources before transfers</b>							
		(152,211)	28,341	268,985	115,142	260,257	137,301
Transfers between funds	9	192,008	(177,008)	(15,000)	-	-	-
<b>Net incoming/outgoing resources after transfers</b>		39,797	(148,667)	253,985	115,142	260,257	137,301
Gains on investment assets	12	-	112,743	-	-	112,743	55,038
<b>NET MOVEMENT IN FUNDS</b>		39,797	(35,924)	253,985	115,142	373,000	192,339
Fund balances at 1 January 2005		(2,199)	1,301,986	109,068	78,041	1,486,896	1,294,557
<b>Fund balances at 31 December 2005</b>		<b>37,598</b>	<b>1,266,062</b>	<b>363,053</b>	<b>193,183</b>	<b>1,859,896</b>	<b>1,486,896</b>

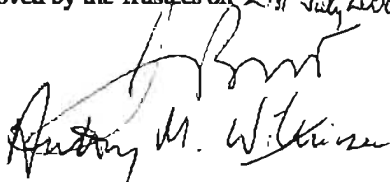
The notes on pages 18 to 25 form part of these accounts

**BALANCE SHEET**

as at 31 December 2005

	Note	2005 £	2004 £
<b>Fixed Assets</b>			
Heritage assets	10	250,000	-
Tangible fixed assets	11	660,859	600,775
		<u>910,859</u>	<u>600,775</u>
<b>Investment assets</b>	12	759,546	704,453
<b>Current Assets</b>			
Bookshop stock		3,224	1,300
Debtors	15	79,997	55,807
Bank balances and cash in hand			
General funds	16	25,575	78,523
Endowment, specific and development fund accounts	16	236,388	211,750
		<u>345,183</u>	<u>347,380</u>
<b>Current Liabilities</b>			
Creditors: Amounts falling due within one year			
Sundry Creditors	17	147,342	151,261
Deferred income, received in advance	17	8,350	14,451
		<u>155,692</u>	<u>165,712</u>
<b>Net Current Assets</b>		189,492	181,668
<b>NET ASSETS</b>		<u>1,859,896</u>	<u>1,486,896</u>
<b>Capital and Reserves</b>			
General Fund		37,598	(2,199)
Endowment Fund		1,266,062	1,301,986
Development Fund	13	193,183	78,041
Specific Purposes Fund	14	363,053	109,068
<b>TOTAL FUNDS</b>		<u>1,859,896</u>	<u>1,486,896</u>

Approved by the Trustees on 21st July 2006 and signed on their behalf by:



Chairman

Trustee

THE HOLBURNE MUSEUM OF ART  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2005*

	Note	General Funds	Endowment Fund	Specific Purpose Funds	Development Fund	Total 2005	Total 2004
		£	£	£	£	£	£
<b>1 Voluntary income</b>							
Grants							
Arts & Humanities Research Council (via the University of Bath)		39,571	-	-	-	39,571	44,571
Donations							
The Friends of the Holburne Museum		13,619	-	6,000	-	19,619	47,000
Patrons' subscriptions		35,101	-	-	-	35,101	38,035
For the Gardener's Lodge			-	-	27,752	27,752	66,987
Others		51,717	5,000	2,000	150,030	208,747	308,304
Heritage asset	10	-	-	250,000	-	250,000	-
		140,008	5,000	258,000	177,782	580,789	504,897
<b>2 Activities for generating funds</b>							
Bookshop sales		42,467	-	-	-	42,467	21,146
Rent receivable - The Teahouse		3,700	-	-	-	3,700	3,596
		46,167	-	-	-	46,167	24,742
<b>3 Investment income</b>							
Dividends		-	26,011	-	-	26,011	17,403
Interest on securities		-	1,298	-	-	1,298	4,797
Interest on cash deposits		3,286	6,773	2,427	1,275	13,762	12,824
		3,286	34,082	2,427	1,275	41,071	35,024
<b>4 Incoming resources from charitable activities</b>							
Exhibitions & display							
Admission fees		46,617	-	-	-	46,617	44,015
Sponsorship		16,727	-	-	-	16,727	3,421
Grants		45,000	-	12,128	-	57,128	-
Donations		-	-	3,198	-	3,198	-
		108,344	-	15,326	-	123,670	47,436
		108,344	-	15,326	-	123,670	47,436
Education							
Grants		-	-	28,300	-	28,300	13,000
Donations		-	-	14,500	-	14,500	8,000
Fees for workshops etc		13,355	-	-	-	13,355	13,660
		13,355	-	42,800	-	56,155	34,660
Lectures & concerts		2,847	-	-	-	2,847	-
Room hire & lettings		10,945	-	-	-	10,945	8,402
		13,792	-	-	-	13,792	8,402
		135,491	-	58,126	-	193,617	90,498
Total incoming resources from charitable activities		135,491	-	58,126	-	193,617	90,498

THE HOLBURN MUSEUM OF ART  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2005 (cont.)*

	Staff	Direct	Support cost	Total 2005	Total 2004
	£	£	£	£	£
<b>Resources expended</b>					
<b>5 Costs of generating funds</b>					
Costs of generating voluntary income					
Patrons' costs	7,346	1,005	-	8,351	8,029
Costs of fundraising trading - bookshop					
Costs of goods sold	-	19,677	-	19,677	10,024
Staffing and other costs	9,481	2,553	-	12,034	2,772
MUSE project costs	778		-	778	-
Investment management fees	-	4,318	-	4,318	4,227
	17,605	27,552	-	45,157	25,052
Costs of major development project	28,029	31,527	-	59,556	95,050
	45,634	59,079	-	104,713	120,102

<b>6 Resources expended on charitable activities</b>					
Exhibitions & display	108,778	96,839	135,577	341,195	269,017
Education	40,533	15,545	34,100	90,179	78,930
Room hire lectures & concerts	8,292	5,267	20,587	34,146	22,982
	157,603	117,651	190,264	465,519	370,930

The totals of these costs are charged to the three different funds as follows:

	General fund	Endowment fund	Specific purposes fund	Total 2005
	£	£	£	£
Exhibitions & display	320,016	6,424	14,755	341,195
Education	62,379	-	27,800	90,179
Room hire lectures & concerts	34,146	-	-	34,146
	416,541	6,424	42,555	465,519

<b>7 Analysis of support costs</b>	Management	Premises & equipment	Finance	Total 2005	Total 2004
	£	£	£	£	£
Exhibitions & display	72,028	27,668	35,882	135,577	107,366
Education	20,579	3,953	9,568	34,100	25,402
Room hire lectures & concerts	10,290	7,905	2,392	20,587	18,316
	102,897	39,525	47,842	190,264	151,084

Support costs have been allocated to activities on a basis consistent with the use of resources and in accordance with accounting policy (d)

<b>8 Governance costs</b>	Staff	Direct	Support cost	Total 2005	Total 2004
	£	£	£	£	£
Preparation & audit of statutory accounts	-	7,850	-	7,850	8,125
Trustees' administration	7,346	280	-	7,626	7,036
Trustees' expenses	-	4,308	-	4,308	4,822
	7,346	12,438	-	19,783	19,983

THE HOLBURN MUSEUM OF ART  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2005 (cont.)*

**9 Transfers between funds**

During the year the Trustees authorised the transfer of £177,008 (2004:£120,876) from Endowment funds to subsidise the operating deficit on General fund, and also the transfer into General funds of £15,000 (2004: nil) from the Specific fund for education held in the Sponsored Walk bank account to fund the increasing activity in that department.

	2005	2004
	£	£
<b>10 Heritage assets</b>		
At 1 January 2005	-	-
Additions in year	250,000	-
At 31 December 2005	250,000	-

In September 2005 HM Government's Department of Culture, Media and Science transferred to the Museum title to an English japanned cabinet on carved silver stand with an agreed valuation for the purpose of transfer of £250,000. The allocation was made under the terms of The Museums Libraries and Archives Council's 'Acceptance in Lieu' scheme.

**11 Tangible fixed assets**

	Freehold land & buildings The Museum	Leasehold premises - The Gardeners Lodge	Fittings, office & security equipment	Total 2005	Total 2004
	£	£	£	£	£
<b>Cost/valuation</b>					
Valuation brought forward at 1 January 2005	550,000	-	-	550,000	550,000
Cost brought forward at 1 January 2005	-	26,848	40,053	66,901	15,879
Additions at cost	-	60,315	11,141	71,455	24,174
At 31 December 2005	550,000	87,163	51,194	688,356	590,053
<b>Accumulated depreciation/amortisation</b>					
At 1 January 2005	-	-	16,126	16,126	9,281
Charge for year	-	4,358	7,014	11,372	6,845
At 31 December 2005	-	4,358	23,140	27,498	16,126
Net book value 31 December 2005	550,000	82,804	28,054	660,859	
Net book value 31 December 2004	550,000	26,848	23,927		600,775

**(a) Freehold land and buildings**

The freehold of the Museum buildings and grounds was conveyed to the Trustees on 26 April 1913 and vested in the Official Custodian for Charities by an order of the Charity Commissioners dated 26 April 1922. The Museum building and grounds were professionally valued at £550,000 on 31 March 1994 by Sidleys, Chartered Surveyors. On 15 March 2000 the Trustees were advised that the current open market value of the property was in the region of £1.5M. This figure assumed that planning and listed buildings consents could be obtained, if sought, for the change of use to a residential dwelling. As Trustees were advised that the current open market value of the property was in the region of £1.5M. This figure assumed that planning and listed buildings consents could be obtained, if sought, for the change of use to a residential dwelling. As no such consents have been sought, the Trustees consider it prudent to continue to retain the nominal carrying value of £550,000 in the financial statements. Until 2004, this value was disclosed in the balance sheet as 'Revaluation Reserve.' In order to comply with the provisions of SORP 2005 the value of Revaluation Reserve is now included as part of the Endowment fund, having been added to the balance of that fund as at 1 January 2005. In 2005 the building was insured for £7.5M, based on a professional insurance valuation prepared for the University of Bath.

**(b) The Gardener's Lodge**

The cost shown above represents the cost of the premium paid in March 2005 to Bath & North East Somerset Council for the grant by them of a 20 year rent-free lease on these premises in Sydney Gardens, together with the cost of small subsequent improvements. The lease commenced on 20 November 2004, and its costs are being amortised by equal annual instalments over the life of the lease, charged against the Development fund.

**(c) Collection**

In accordance with the Trustees' accounting policy no monetary value for the Museum's collection has been established for inclusion in the financial statements.

THE HOLBURN MUSEUM OF ART  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2005 (cont.)*

<b>12 Investment assets</b>	2005	2004
Analysis of investments at 31 December by category	£	£
Equities	366,792	356,074
Fixed interest securities	127,081	181,962
Investment and Unit Trusts	265,673	166,417
Total listed investments	759,546	704,453
Analysis of investments at 31 December by location		
Investments in the UK	731,352	698,276
Investments outside the UK	28,194	6,177
	759,546	704,453
Analysis of movements in the portfolio		
Market value at 1 January	704,453	503,094
Cost of investments purchased	201,365	305,866
Proceeds from investments sold	(259,015)	(159,545)
Net gains	112,743	55,038
Market value at 31 December 2005	759,546	704,453

**13 Development Fund**

Analysis of movements	Main development project	The Gardener's Lodge	Total 2005	Total 2004
	£	£	£	£
<i>2003 &amp; 2004</i>				
<i>Donations and grants received</i>	142,500	66,987	209,487	500
<i>Costs incurred</i>	(131,446)		(131,446)	(26,836)
Balance at 1 January 2005	11,054	66,987	78,041	
Donations in year	150,030	27,752	177,782	208,987
Interest	1,275		1,275	
Costs incurred	(59,556)		(59,556)	(104,610)
Amortisation of lease premium		(4,358)	(4,358)	
Balance at 31 December	102,803	90,380	193,183	78,041
Balance at 31 December	102,803	90,380	193,183	78,041

Development fund assets

Bank balances	153,316
Premium paid on leasehold premises - The Lodge	87,163
Less amortisation to date	(4,358)
Net expenditure paid out of General funds	(42,938)
	193,183

Comparative figures for 'Development fund assets' are not shown as they were combined with Endowment funds in 2004.

THE HOLBURNE MUSEUM OF ART  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2005 (cont.)*

**14 Specific Purposes funds**

Movements in the year of funds granted or donated for specific purposes are shown below

Donor	Purpose	Balance	Donated	Utilised	Balance
		31-12-2004			31-12-2005
		£	£	£	£
<b>A For revenue expenditure</b>					
Many individual donations	Railings fund	3,872	-	-	3,872
	Conservation	3,617	-	-	3,617
	Unspecified	345	698	(215)	828
2003 Sponsored Walk donors	Education	63,932	(1,573)	(15,000)	47,359
Roper Rhodes Ltd	Conservation	3,471	-	(2,512)	959
Anonymous	Research library	200	-	-	200
The Marc Fitch Trust	Research	-	7,522	(7,522)	-
The Pilgrim Trust	National inventory	-	1,959	(1,959)	-
The Stanley Foundation	Acquisition - The Marus Collection	-	2,546	(2,546)	-
Roper Rhodes Ltd	Marketing	-	6,000	-	6,000
B&DFAS	Restoration	-	100	-	100
The Arts & Humanities Research Council	"Muse" project	-	2,500	-	2,500
Bath & NE Somerset Council	Education activities	-	13,300	(13,300)	-
Roper Rhodes Ltd	Education activities	-	6,000	(6,000)	-
Stephen Clark 1957 Trust	Education activities	-	5,000	(5,000)	-
Andrew Fletcher Esq	Education activities	-	2,000	(2,000)	-
Rotork Ltd	Education workshops	-	1,000	(1,000)	-
Sydney Gardens Residents' Association	Education activities	-	500	(500)	-
		75,437	47,553	(57,554)	65,435
<b>B For capital expenditure</b>					
The Leathersellers' Charitable Trust	Display cases	14,430	-	(1,935)	12,495
The Mercers' Charitable Trust	Display cases	9,497	-	(2,850)	6,647
Insurance recovery	Security cameras	9,704	-	-	9,704
The Friends of the Holburne Museum	IT upgrades	-	6,000	(1,262)	4,738
The Ernest Cook Trust	Equipment for Lodge	-	15,000	(966)	14,034
The Ernest Cook Trust	Equipment for Lodge	-	15,000	(966)	14,034
		33,631	21,000	(7,013)	47,618
<b>C For Heritage assets</b>					
MLA Council, DCM&S, HM Government	Donation of heritage asset	-	250,000	-	250,000
<b>D Fund totals</b>					
		109,068	318,553	(64,567)	363,053

*Analysis of capital funds utilisation in year*

		Expenditure		Accumulated	Net book
		capitalised as fixed assets	to 31-12-2005	depreciation to	value
		to 31-12-2004	in 2005	31-12-2005	31-12-2005
		£		£	£
The Leathersellers' Charitable Trust	Display cases	20,327		7,832	12,495
The Mercers' Company	Display cases	12,095		5,448	6,647
The Friends of the Holburne Museum	IT upgrades		6,310	1,262	5,048
The Ernest Cook Trust	Equipment for Lodge		4,830	966	3,864
		32,422	11,140	15,508	28,054



THE HOLBURN MUSEUM OF ART  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2005 (cont.)*

	2005	2004
	£	£
<b>15 Debtors</b>		
Trade receivables	3,545	31,503
Prepaid expenses	14,598	6,064
Accrued income	47,089	13,724
Taxation recoverable	14,766	4,518
	79,997	55,809

	2005	2004
	£	£
<b>16 Bank balances and cash</b>		
General fund accounts	25,577	78,523
Sponsored Walk bank account for Education	47,913	63,961
Development fund bank accounts	153,316	-
Endowment fund - deposit and fund manager's cash accounts	35,158	147,789
	236,387	211,750

	2005	2004
	£	£
<b>17 Creditors</b>		
Trade suppliers	69,490	79,043
Accrued expenses	73,779	71,865
VAT	3,738	-
Deferred income	8,350	14,451
Other creditors	334	353
	155,692	165,712

Deferred income represents incoming resources received in one accounting period that relates to a future period or periods.

**18 Employee information**

The average number of persons employed, including part-time staff, calculated on a full-time equivalent basis.

	2005	2004
Curatorial	2.3	4.0
Education	2.0	1.0
Curatorial	2.3	4.0
Education	2.0	1.0
Attendants	3.0	3.0
Administration	3.2	2.0
Development	0.5	-
Shop (4 x part time = 1 x FTE)	1.0	-
	12	10

	2005	2004
	£	£
<b>19 Staff costs</b>		
Salaries	239,133	208,011
Social security costs	15,736	15,286
Employer's pension contributions	14,682	11,852
	269,551	235,149

No employee earned more than £60,000 in the year (2004: £50,000)

THE HOLBURN MUSEUM OF ART  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2005 (cont.)*

**20 Pension scheme**

The Museum participates in a multi employer defined benefit scheme. The assets of the scheme are held in the Avon Pension Fund administered by Bath & North East Somerset Council.

The charge for the defined benefits scheme was £ 14,682 (2004 £11,852). A full actuarial valuation was carried out at 31 March, 2004. The major assumptions used by the actuary at the last valuation were:

Rate of increase in pensions payment	2.8%
Discount rate- past service liabilities	6.95%
Discount rate- for future service liabilities	6.5%
Inflation rate- for past service liabilities	4.05%
Inflation rate- for future service liabilities	3.75%

The assets in the total scheme at market value at 31 March 2005 were:

(£'000's)	2005	2004
	£	£
Equities	1,217,537	1,083,154
Fixed interest and index linked securities	370,825	354,528
Short term deposits and foreign currencies	16,905	21,673
Total investment assets	1,605,267	1,459,355

The scheme deficit applying to the Holburne Museum of Art at 31 March 2004 actuarial valuation was £32,000. The deficit applicable to the Holburne Museum as at 31 December 2005, estimated by the scheme administrator, is approximately £40,000.

The contributions for the Museum and its employees for the year to 31 March 2005 were 7% and 6% respectively. The share of the deficit attributable to the Museum will be eliminated over a period of 20 years from 1 April 2005 by way of increases in employer contributions to the following amounts:

From 1 April 2005	7.3% of salary
From 1 April 2006	7.5% of salary
From 1 April 2007	7.7% of salary
From 1 April 2008	7.9% of salary

No increase will be made to employee contributions, which remain at 6% of salary.

14 (2004: 8) Museum employees are members at the date of this report, and there is one deferred member, of the scheme. At present there are no members who are pensioners. The number of members in the full scheme at 31 March, 2005 was 67,406 (2004: 64,479).

The Trustees are unable to identify the Museum's share of the underlying assets and liabilities of the fund on a reasonable and consistent basis without the assistance of the scheme's actuaries. The Trustees do not consider that a funding report on the share (estimated at £40,000) of the overall scheme deficit at 31 December 2005 attributable to the Museum is a worthwhile or reasonable exercise, or that the professional costs that such an exercise would involve can be justified.

Financial Reporting Standard 17 requires provision for pension scheme deficits to be made in financial statements ending after 1 January 2005. For the reasons set out in the paragraph above, no such provision has been made in these financial statements.

THE HOLBURN MUSEUM OF ART  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2005 (cont.)*

<b>21 Audit fees</b>		2005	2004
		£	£
Fees paid for audit services		2,600	2,625
Fees paid for other services		1,900	650
		4,500	3,275

**22 Trustees**

No remuneration is payable to the sole trustee of the Museum, or to any of the directors of that company.

Expenses totalling £4,308 (2004: £4,822) were reimbursed to a director of the company for expenses incurred on travel and entertaining in the course of fund-raising activities.

**23 Analysis of balance sheet**

	General fund	Endowment Fund	Specific Purposes fund	Development fund	Total 2005	Total 2004
	£	£	£	£	£	£
Heritage assets	-	-	250,000	-	250,000	-
Land & buildings	-	550,000	-	-	550,000	550,000
The Gardener's Lodge - education centre	-	-	-	82,804	82,804	26,848
Other fixed assets	-	-	28,054	-	28,054	23,927
Investments	-	759,546	-	-	759,546	704,453
Stocks & receivables	83,221	-	-	-	83,221	57,109
Bank & cash balances	25,577	35,158	47,913	153,316	261,964	290,273
Payables & deferred income	(133,443)	(1,812)	-	(20,437)	(155,692)	(165,712)
Intra-fund payable/receivables	62,244	(76,830)	37,086	(22,501)	-	-
Intra-fund payable/receivables	62,244	(76,830)	37,086	(22,501)	-	-
Net assets	37,599	1,266,062	363,053	193,183	1,859,897	1,486,898
Fund balances, per SOFA	37,598	1,266,062	363,053	193,183	1,859,896	1,486,898

**24 Rounding**

All amounts included in these financial statements have been rounded up or down to the nearest pound sterling.

# THE HOLBURNE MUSEUM OF ART OFFICERS AND MANAGEMENT

## The Board of Directors of The Holburne Museum Trust Company ("The Trustees")

	Note	
<b>David Posnett</b> <i>Chairman</i>		Former Chairman, The Leger Galleries. London Former Chairman, The Society of London Art Dealers
<b>Michael King</b> <i>Vice-Chairman</i>	1	Solicitor Partner, Stone King (Bath and London) Former Chairman, The Charity Law Association
<b>Anthony Wilkinson CA</b> <i>Hon. Treasurer</i>	1	Chartered Accountant Former partner, Coopers & Lybrand, Hong Kong
<b>Malcolm Baldwin</b> <i>Chairman, Executive Committee</i>	1	Chairman, Mondo Foods Limited Chairman, Design Central Limited
<b>Edward Bayntun-Coward</b>		Antiquarian bookdealer & owner of George Bayntun, Bath Chairman of the Bath Preservation Trust & Chairman of their Executive & Architecture Committees
<b>Lady Beck</b>		Director, The Soho Book Company
<b>Diana Berry</b>		Former Chairman, Sotheby's Institute of Art
<b>David Mlinaric</b>		Interior Designer
<b>Sidney Blackmore</b> (nominee, The Friends of The Holburne Museum)	1	Chairman, The Friends of The Holburne Museum Authority on life of William Beckford
<b>Michael Briggs</b>		Former Chairman, Bath Preservation Trust
<b>Stephen Green</b>		Managing Director Future Heritage Trustee Bath Preservation Trust
<b>Ian Hay Davison CBE</b>		Former Senior Partner, Arthur Andersen Former CEO of Lloyds Former Chairman of Sadler's Wells Former CEO of Lloyds Former Chairman of Sadler's Wells
<b>Niall Hobhouse</b>	1	Trustee Development Trust, National Museums, Liverpool Governor, London School of Economics Chairman, The Cities Programme, LSE Trustee of the Campaign for Museums
<b>Caryl Hubbard CBE</b>		Trustee of Pallant House Gallery, Chichester Formerly Trustee of the National Gallery, Tate, and Dulwich Picture Gallery Advisor to the Ashmolean Museum Formerly Vice-Chairman of the Contemporary Art Fund
<b>Cllr. Sir Elgar Jenkins OBE</b>	2	Executive Member for Transport, B&NES District Council

THE HOLBURNE MUSEUM OF ART  
OFFICERS AND MANAGEMENT  
(cont.)

<b>Alastair Laing</b>	Advisor (paintings & sculptures), The National Trust
<b>Cllr. Marian McNeir</b>	2 Former Mayor of Bath. Former Chairman, B&NES District Council Member of University of Bath Council
<b>James Miller</b>	Fine Art consultant Presenter of 'Hidden Treasure Houses' for Channel 5 & author of the book accompanying the series
<b>Brian Roper</b>	Chairman, Roper Rhodes Ltd
<b>Rosalind Savill CBE, FSA</b>	Director, the Wallace Collection, London
<b>Elodie Stanley</b>	Consultant: N C Morris & Co Member, Solicitors' Disciplinary Tribunal Director: of Stanley Foundation Limited

### Notes

1. Member of the Executive Committee
2. Nominee of Bath and North East Somerset Council
3. Robert James, appointed a director on 12 October 2004, resigned on 15 May 2006.

### Senior management

<b>Dr Alexander Sturgis</b>	Director
<b>Amina Wright</b>	Curator of Fine Art
<b>Amina Wright</b>	Curator of Fine Art
<b>Matthew Winterbottom</b>	Curator of Applied Art
<b>Cleo Witt</b>	Education Officer
<b>David Taylor FCA</b>	Finance Officer
<b>Lesley Palmer</b>	Fundraising Director

**Solicitors**

Thring Townsend  
Midland Bridge  
Bath BA1 2HQ

Withy King  
James Street West  
Green Park  
Bath BA1 2BT

**Auditors**

Moore Stephens  
Chartered Accountants & Registered Auditors  
30 Gay Street, Bath BA1 2PA

**Investment managers and advisers**

Gerrard Investment Management Limited  
40-42 Queen Square  
Bristol BS1 4QP

**Insurance brokers**

Marsh Limited  
1 Victoria Street  
Bristol BS1 6AA

Aon Limited  
40 Torphichen Street  
Edinburgh EH3 8JB  
Edinburgh EH3 8JB

**Bankers**

CafBank Ltd  
PO Box 289  
West Malling, Kent, ME19 4TA